



**MURANG'A COUNTY GOVERNMENT**

**DEPARTMENT OF FINANCE AND ECONOMIC PLANNING**

**DIRECTORATE OF REVENUE**

**REVENUE MOBILIZATION STRATEGY**

**2025-2027**

## **Executive Summary**

The Constitution of Kenya (2010) chapter eleven ushered in a devolved system of governance that established County Governments with the primary objective of promoting democratic and accountable exercise of power, equitable sharing of national and local resources, and the participation of citizens in decision-making. Of emphasis is Article 17(b) that emphasizes the importance of self-dependency of devolved units “county governments shall have reliable sources of revenue to enable them to govern and deliver services effectively.”

Under Article 209(3) and (4) of the Constitution, County Governments are granted the authority to raise revenue directly from within their jurisdictions, thereby complementing national transfers and strengthening local service delivery. The Public Finance Management (PFM) Act, 2012 further reinforces this by requiring each County Government to establish sound financial management systems that ensure transparency, accountability, and prudent use of public resources.

### **Fiscal Rationale for Revenue Mobilization**

The success of devolution depends largely on the ability of counties to mobilize sufficient financial resources to fund their functions and deliver quality services. While counties receive equitable share transfers from the national government, these allocations often fall short of the resources required to meet increasing development and recurrent expenditure demands.


Therefore, Own Source Revenue (OSR) serves as a critical supplement that enhances fiscal autonomy, strengthens accountability, and promotes innovation in service delivery. In the County Government structure, revenue administration is embedded within various departments, each overseen by the respective County Executive Committee Member (CECM). These departments are responsible for implementing revenue targets as stipulated in the relevant revenue laws, which in turn finance the priorities outlined in the County Integrated Development Plan. While efforts have been made to decentralize the collection of various revenue streams to the relevant departments and spending units, the majority of collections still remain under the Department of Finance, Economic Planning, and ICT. The County Treasury has established a Directorate of Revenue that spearheads the strategy of revenue mobilization and ensures that the challenges that emanate on a day to day basis are addressed. Despite the general tough economic situation within the country, the County government made a spirited effort to scale up the own source revenue in all the streams. This led to increase

in majority of the revenue streams. The impact of revenue automation on all revenue streams was clearly visible which led to an increase on own source revenue collected during the financial year, from Kshs 1,116,795,731 collected in the previous year to Kshs1,316,648,100. This translates to an increase of 17.9 %. Revenue is divided into twenty-two streams, however there are six main revenue streams namely Single Business Permits, Hospital fee, Land rate and Plot rent, Cess, Barter Market and Bus Park. The six Streams Combined generates about 80% of the County's total revenue.

The Automation exercise, mapping of revenue streams, setting of targets jointly with the revenue staff coupled with staff motivation has greatly enhanced revenue mobilization. The County Government was able to meet its budget for the year.

It is worth noting that the County Government implemented the FIF Act no 14 of 2023 that allows the health facilities to retain the revenue collected for the purpose of improvement of the health facilities.

The County Government will continually explore on new sources of revenue as well as enhance efficiency in collection, in order to maximize its collection which will go a long way in meeting the County budget

  
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## **APPROACH TO THE REVENUE MOBILIZATION STRATEGY**

The current structure in Muranga County Government, the Directorate of Revenue, domiciled within the Department of Finance and Economic Planning. The department is bestowed with the responsibility of mobilization, accounting and reporting of all county revenues. The Directorate is headed by the Chief Officer Revenue, who serves as the designated County Receiver of Revenue pursuant to Section 157 of the PFM Act (2012). This office oversees daily revenue operations, including supervision, monitoring, and reconciliation of collections across departments.

Administratively, the directorate has a Director, who coordinates Revenue officers who heads each of the nine sub counties. They are Sub County Revenue in charges, who in turn coordinates revenue supervisors at ward level. The revenue supervisors at ward level are responsible for various revenue streams within that ward.

Revenue performance is monitored through regular reporting and evaluation mechanisms, including;

- i) Daily revenue reporting at individual revenue stream level.
- ii) Monthly revenue performance reviews, done at sub county level and consolidated at County level for onward submission to the relevant offices.
- iii) Quarterly performance reports submitted to the County Executive Committee and County Assembly.
- iv) Annual Revenue Report, inform of Receiver of Revenue Financial Statements which include detailed Own Source Revenue data in compliance with the Financial Reporting Standards.

### **Objectives of the Strategy**

The overall objective of this Strategy is to provide a comprehensive framework for guiding reforms in the revenue mobilization and administration, in addition to seeking avenues of enhancing additional revenues over the medium term to support implementation of the County Government projects and enhanced service delivery.

The Strategy is therefore geared to achieve the following;

- (a) To increase revenue and hence reduce reliance on national government exchequer release in the near future. This will be achieved by enhancing efficiency in revenue collection through full

automation, integration of systems, improved data management, expand and diversify the revenue base by identifying, valuing, and tapping into new and underutilized revenue sources.

(b) To support the County Government development agenda;

(c) To enhance tax compliance among the citizens through awareness creation on benefits of paying taxes to the County Government.

(d) To seal Revenue leakages and pilferage that occur during revenue mobilization, by Strengthening compliance and enforcement mechanisms, effective internal controls and regular audits.

## **IMPLEMENTATION FRAMEWORK**

Effective revenue mobilization requires a well-defined institutional framework that promotes transparency, accountability, efficiency, and equity. The framework ensures that all actors involved in revenue mobilization, management, and oversight operate within established structures, guided by law and policy. This requires that the County executive focuses on overall leadership and planning of the strategy whereas County Assembly legislates the relevant policies and laws as well as doing the oversight.

### **Specific Revenue Mobilization Strategies**

#### **1. Hospital Fees**

1.1. Implement a comprehensive SHA/NHIF claims Optimization framework across all county health facilities

1.2. Conduct an SHA registration and awareness campaign targeting Murang'a residents

1.3. Register all county facilities as providers with private insurers (Britam, Minet, Jubilee, Sanlam, CIC, AAR, etc.)

1.4. Introduce consultation fees at Level II and III facilities

1.5. Roll out the county revenue collection system to all health facilities

1.6. Operationalize private wing services in selected facilities

1.7. Upgrade health infrastructure across facilities for improved service quality and patient volumes

1.8. Procure and install essential equipment to expand service offerings in key facilities

#### **2. Trade Licensing Fees**

2.1. Conduct mapping of all businesses eligible for trade licensing fees to establish a complete and up-to-date register for billing

- 2.2. Conduct targeted publicity campaigns to raise awareness on SBP renewal deadlines, penalties, and compliance requirements among business operators
- 2.3. Implement localized revenue mobilization drives by taking licensing services closer to traders in major market centers
- 2.4. Digitize service delivery systems by deploying electronic payment platforms, automating licensing processes, and integrating data systems
- 2.5. Engage stakeholders consistently through structured forums with business associations, market committees, and community leaders
- 2.6. Implement strict enforcement actions and continuous compliance monitoring to ensure all eligible businesses are licensed

### **3. Natural Resource Transportation Fees**

- 3.1. Maintain and upgrade access roads to transportation fee collection points
- 3.2. Establish formal revenue collection stations at strategic transportation routes and operationalise them for 24-hour service
- 3.3. Equip revenue staff at transportation fee collection stations with appropriate tools and technology
- 3.4. Review and amend existing legal frameworks to align with current transportation fee policies, strengthen enforcement, and enhance the legal basis for efficient revenue collection
- 3.5. Strengthen on-road enforcement operations by deploying trained officers to monitor compliance

### **4. Market Entry Fees**

- 4.0. Develop and implement realistic revenue targets for each market based on historical data, market capacity, and local economic conditions
- 4.1. Rehabilitate and maintain essential public amenities in markets, including toilets, waste disposal facilities, and trading shelters
- 4.2. Provide reliable digital infrastructure and internet connectivity at market revenue collection points to facilitate revenue collection processes
- 4.3. Engage market stakeholders through structured dialogue platforms

### **5. Property Rates**

- 5.1. Establish a GIS-linked client database integrated with the revenue management system to streamline billing, tracking, and payment of property rates.
- 5.2. Fast-track registration and renewal of leases to facilitate the timely collection of land rates and land rent.
- 5.3. Develop and implement a valuation roll to enable accurate charging of property rates based on property value.

5.4. Engage stakeholders through civic education, digital feedback mechanisms, and structured consultations with business associations and community leaders.

5.5. Operationalise Contribution instead of Rates (CILOR) to ensure all government properties contribute to county revenue.

5.6. Establish an in-house revenue enhancement unit that links all revenue departments to drive compliance, enhance performance, and implement audit mechanisms to detect and prevent revenue leakages.

5.7. Designate specific officers at each collection point to manage property rate collection

5.8. Conduct targeted capacity-building sessions for rates officers on the use of modern revenue systems and best practices in customer service.

## **6. Legal framework and policy formulation**

6.1. Develop and legislate Primary laws governing collection of own source revenue. Come up with Tariffs and Pricing policy in accordance with sec 120 of county government act.

## **CONCLUSION**

The successful implementation of this Revenue Mobilization Strategy is central to enhancing the County's fiscal independence, improving service delivery, and fostering sustainable development. By strengthening the legal and policy framework, modernizing revenue administration systems, broadening the revenue base, and promoting accountability and compliance, the County will significantly reduce leakages, expand fiscal space, and optimize resource utilization.

Equally important is the active participation of all stakeholders, including citizens, businesses and development partners, whose trust and compliance are vital for the success of the strategy. Continuous capacity building, effective monitoring and evaluation, and adherence to principles of transparency will ensure that the gains made are sustainable over the long term. Ultimately, this strategy provides a clear roadmap for mobilizing adequate, predictable, and equitable revenues to finance the County's development priorities and deliver on its mandate to the people.